

Press Release

JCLP releases a policy statement on Japan's Nationally Determined Contribution (NDC) and the 7th Basic Energy Plan

Tokyo, Japan, July 2, 2024 – Japan Climate Leaders' Partnership (JCLP), a coalition of 244 companies committed to the early realization of a decarbonized society, has released a policy statement towards the revision of Japan's Nationally Determined Contribution (NDC) scheduled for next year and the 7th Basic Energy Plan, expected to be developed by the end of this fiscal year.

To overcome the climate crisis that threatens the foundation of our socio-economic system and to excel in the international race for decarbonization, we believe it is necessary to further strengthen Japan's climate and decarbonization policies. We propose the following:

Proposal 1: At least 75% reduction in GHG emissions by 2035 (compared to 2013 levels)

- The IPCC indicates that a global GHG emission reduction of 67% (compared to 2013 levels) is necessary to achieve the 1.5°C goal. To be in line with the Paris Agreement, developed countries must achieve reductions ahead of the rest of the world. Japan should aim for a reduction of at least 75%.
- Reliable medium to long-term outlooks are essential for corporate investment decisions. A government target aligned with the 1.5°C goal shared between the public and private sectors is necessary to ensure foreseeability.

Proposal 2: Achieve a renewable energy share of at least 60% in the electricity mix by 2035

- To sustain and enhance corporate competitiveness, the swift establishment of an environment that enables stable and affordable renewable energy procurement is essential.
- Further deployment and domestic production of renewable energy will enhance energy security (increase self-sufficiency rate) and direct more than 15 trillion yen of capital inward each year, creating a virtuous economic cycle.

Proposal 3: Improve the policy-making process by increasing participation opportunities for demand-side actors

- Inputs towards the policy-making process should be balanced across various industries and perspectives. Particularly, the demand-side voice should be further integrated into policy discussions, as they plan an increasingly vital role in balancing supply and demand.
- The policy-making process should ensure balance across diverse industries and roles. Alongside bottom-up approaches, backcasting informed by scientific research and international agreements should be integrated into policy considerations.

Additionally, to achieve at least 75% reduction in GHG emissions and at least 60% renewable energy ratio by 2035, we also make specific policy recommendations in five key areas: renewable energy, "buildings, automobiles, manufacturing, and carbon pricing.

Background of the statement:

The climate crisis is undoubtedly becoming more severe, threatening the foundation of our socio-economic system. Climate disasters are intensifying worldwide, including in Japan, and the WHO

predicts that climate change-related diseases and illnesses will cause an additional 250,000 deaths annually. Economic impacts, such as rising insurance costs, a halt in insurance underwriting, and reduced labor productivity, are becoming apparent.

Due to these circumstances, there is an increasing demand for companies to reduce their GHG emissions. Decarbonization, particularly through the procurement of renewable energy, significantly impacts corporate competitiveness. Delays in decarbonization could harm Japan's industrial foundation.

Internationally, the integration of climate change policies with industrial strategies is progressing, as countries compete to attract investments in decarbonization and seize expanding global markets. Recognizing this situation, JCLP believes it is crucial to further strengthen Japan's policies to mitigate the escalating climate crisis and excel in the global competition for decarbonization.

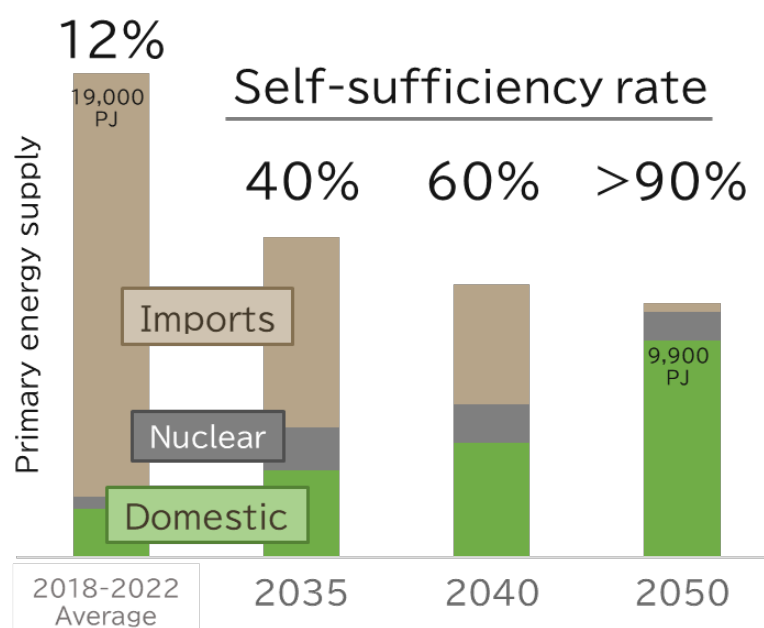
Japan's targets aligned with 1.5°C are crucial for corporate decision-making

To enable companies to make efficient and effective management decisions, it is important to present consistent policies and goals that are valid in the medium to long term. So far, international trends and national policies have consistently shifted towards accelerating decarbonization in light of climate science and the increasing climate crisis. Companies can confidently engage in decarbonization efforts by having a shared national target aligned with the 1.5°C goal between the public and private sectors.

Renewable energy and decarbonization benefit national interest

Accelerating the deployment of renewable energy is the most rational option to increase energy self-sufficiency. By implementing renewable energy at the scale indicated in this recommendation, the energy self-sufficiency rate could increase from the current approximately 12% to about 40% by 2035, about 60% by 2040, and exceed 90% by 2050. As a result, fossil fuel usage in 2035 is projected to decrease to approximately 40% of the current level, enabling more than 15 trillion yen annually to be redirected from overseas investments to domestic use.

The deployment of renewable energy and improvements in energy efficiency can significantly increase the energy self-sufficiency rate



Solar and wind power currently have higher domestic capital return rates compared to thermal power generation. With promising growth prospects for domestically produced perovskite solar cells, floating offshore wind, and storage batteries, the domestic capital return rate is set to increase further. The domestic production of renewable energy, leveraging Japan's advanced technological capabilities, will significantly enhance Japan's national interest.

The policy-making process requires reform

To accelerate decarbonization, coordinated changes are essential on both the supply and demand side of energy. Specifically, enhancing electrification, implementing demand response strategies, and maximizing digital utilization will make the role of demand-side actors increasingly important. Currently, however, opportunities for them to participate in government committees are severely limited. Recently, demand-side actors have been unable to participate in discussions regarding changes in conditions for renewable energy procurement, resulting in confusion. We urge improvements to enable their active participation in policy deliberations, particularly given that demand-side actors constitute the majority of Japanese companies. Additionally, we emphasize the importance of a balanced policy-making decision process that includes various industries and perspectives.

Key Points of specific policy recommendations by sector:

- **Renewable Energy:** Accelerate the deployment of solar and offshore wind power and improve power infrastructure to prioritize renewable energy.
- **Buildings:** Promote Zero Energy Buildings (ZEB) and Zero Energy Homes (ZEH) with solar panels in new constructions, and as well as the next zero retrofitting of existing buildings.
- **Automobiles:** Encourage the adoption of zero-emission vehicles and expansion of charging infrastructure.
- **Manufacturing:** Enhance energy efficiency, promote electrification, and invest in human resource development and innovation.
- **Carbon Pricing:** Implement an explicit carbon-pricing system, with a price set per ton of carbon emissions.

Download the summary in English [here](#) and the full statement in Japanese [here](#).

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About Japan Climate Leaders' Partnership (JCLP):

JCLP is a coalition of businesses in Japan (244 companies as of July 2024) that aim to create a carbon neutral society, built on the idea that decarbonization is essential to economic development. The group's total sales are 156 trillion JPY (approx. 1.48 trillion USD) and electricity demand together amounts to approx. 77 TWh.

It was set up in 2009 to encourage the business sector to develop a sound sense of urgency on climate action. Since April 2017, JCLP has been the Climate Group's Regional Delivery Partner on RE100, EP100 and EV100 initiatives in Japan. JCLP also collaborates with international organizations and local governments, through a comprehensive cooperation agreement with Yokohama City and co-hosting Japan's unique renewable energy initiative, RE Action. <https://www.japan-clp.jp/>

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